

JELEX MINES LIMITED

Suite 309 - 185 Bay Street
TORONTO 1, CANADA

filed

To The Shareholders:

We herewith submit a report on the Company's operations for the year ending April 30, 1965, together with the Financial Statements and the Notice of the Annual Meeting of Shareholders.

During the past year, your Company carried out an active exploration program involving work on previously held properties, certain new projects and property examinations.

In the Timmins area, your Company acquired, by staking, a total of 274 claims, of which 20 are owned outright and a 50% interest is held in the remainder with Nisto Mines Ltd. Aerial and or ground geophysical surveys were done on all the various claim groups and it has been recommended that further detailed geophysical work be carried out, using equipment capable of greater penetration, to further investigate certain areas indicated to be of interest in the initial surveys. It is planned to do this work during the coming winter.

Three diamond drill holes were put down on the MacDiarmid Township optioned claims to explore previously determined anomalies. Those failed to intersect anything of importance and the option was allowed to lapse.

Magnetic and electro-magnetic surveys were carried out on the Company's property in Valrennes Township, located along the assumed strike of the gold deposit currently being explored by Equity Explorations Ltd. These surveys were followed up by approximately 2,000 feet of diamond drilling. Whereas the drilling encountered similar geological conditions and sections of heavy sulphide mineralization, no gold assays were obtained. The work is being recorded and these claims will be retained pending further developments in the area.

The Company is presently engaged with Nisto Mines Ltd. in a reconnaissance geo-chemical program covering a large area centered around the Dolsan Mines discovery in northern Maine. Certain promising areas have been indicated by this work and the program is being continued. In addition, leases have been acquired in the area north-west and south-east of the Dolsan property.

A diamond drilling program consisting of three holes, totalling 1,600 feet, was carried out on the Company's property in Galinee Township, adjoining to the south-west of the property held by Orchan Mines Ltd. Two of the holes, drilled jointly on the common boundary with Watson Lake Mines, contained scattered sulphide mineralization with traces of copper. The third hole, drilled within the Jelix property, intersected a strongly sheared silicified zone containing several narrow quartz veins, two of which gave low but significant gold assays, which warrant further exploration. At the present time, a crew is on the property doing an electro-magnetic survey using a large vertical loop and this work has located one positive conductor on which drilling is recommended and three minor questionable conductors. The survey will be completed shortly at which time a decision will be made concerning further diamond drilling.

The Company is also at present, staking claims and negotiating for options on certain properties in the vicinity of the recent copper discovery made by Terra Nova Explorations in Lesseps Township in the Gaspé area of Quebec. Announcements will be made when property details have been finalized.

The Little Long Lac gold property in Ontario and the Poirier Township claims in Quebec have been retained in good standing.

Respectfully submitted on behalf of the Board of Directors.

October 22, 1965.

E. M. DILLMAN,
President.

JELEX MINES

(Incorporated under the laws of the Province of Quebec)

Balance Sheet

ASSETS

CURRENT ASSETS

Cash in bank	\$ 49,130.54	
Marketable securities — at cost (quoted market value \$129,430)	104,760.33	
Deposit with Government of Ireland	1,500.00	\$155,390.87

MINING CLAIMS

Mining claims held under development licenses in Poirier Township, Quebec, at the value placed upon 300,000 shares of the company's capital stock issued therefor and \$8,000 cash	38,000.00	
Other claims — at nominal value	4.00	38,004.00

INVESTMENTS IN OTHER MINING COMPANIES — at nominal value		1.00
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DEFERRED EXPENDITURE

Exploration	97,433.65	
Administration	25,461.38	122,895.03

\$316,290.90

The appended notes to the balance sheet

AUDITOR'S REPORT

I have examined the balance sheet of Jelex Mines Limited as at April 30, 1965 and the statements of deficit, contributed surplus, deferred exploration expenditure and deferred administration expenditure for the year ended on that date. My examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as I considered necessary in the circumstances.

October 14th, 1965.

S LIMITED

laws of Ontario)

April 30, 1965

LIABILITIES

CURRENT LIABILITIES

Accounts payable

Broker (secured)	\$ 16,721.09	
Other	4,819.18	\$ 21,540.27

SHAREHOLDERS' EQUITY

Capital stock

Authorized — 5,000,000 shares of \$1 each

Issued and fully paid — 2,380,000 shares 2,380,000.00

Less discount 2,073,700.00

306,300.00

Deficit 11,549.37 294,750.63

Approved on behalf of the Board:

E. M. DILLMAN, Director.

J. ROSS, Director.

\$316,290.90

integral part of the above statement.

THE SHAREHOLDERS

In my opinion the accompanying balance sheet and statements of deficit, contributed surplus, deferred exploration expenditure and deferred administration expenditure present fairly the financial position of the company as at April 30, 1965 and the results of its operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

R. WILSON LINTON,
Chartered Accountant.

JELEX MINES LIMITED

Notes to Balance Sheet

April 30, 1965

1. During the year ended April 30, 1965, the company issued 200,000 shares of its capital stock for \$40,000 cash.
2. As at April 30, 1965, options were outstanding on 800,000 shares of the company's capital stock at prices ranging from 20¢ per share to 40¢ per share exercisable on or before February 11, 1966.
3. In consideration of the purchase of 100,000 shares of its capital stock at 20¢ per share (payment for which has been received), the company extended the option on the remaining 700,000 shares of its capital stock so that the said options are now exercisable as follows:
 - 100,000 shares at 20¢ per share exercisable by November 11, 1965.
 - 200,000 shares at 25¢ per share exercisable by February 11, 1966.
 - 200,000 shares at 30¢ per share exercisable by May 11, 1966.
 - 200,000 shares at 40¢ per share exercisable by August 11, 1966.

JELEX MINES LIMITED

Statement of Deficit

For the year ended April 30, 1965

Acquisition costs and exploration expenditure on mining claims abandoned	\$32,319.31	
Prospecting expense	2,804.18	
Cost of prospecting equipment written off	2,353.00	
Taxes — Long Lac claims	93.28	
Interest expense	633.08	\$38,202.85
Deduct:		
Gain on sale of marketable securities	24,103.07	
Dividends received	1,283.87	
Interest earned	296.39	25,683.33
		<u>12,519.52</u>
Transferred to contributed surplus		970.15
Balance at April 30, 1965		<u><u>\$11,549.37</u></u>

Statement of Contributed Surplus

For the year ended April 30, 1965

Balance at May 1, 1964	\$ 970.15
Deduct amount transferred from deficit account	970.15
Balance at April 30, 1965	<u><u>Nil</u></u>

JELEX MINES LIMITED

Statement of Deferred Exploration Expenditure

For the year ended April 30, 1965

	Balance May 1, 1964	Expenditures in 1965	Amounts Written off in 1965	Balance April 30, 1965
General exploration, staking costs and property examinations:				
County Donegal Area, Ireland	\$ 8,338.27		\$ 8,338.27	
Galinee Township Area, Quebec	21,081.93	\$ 7,852.57		\$28,934.50
Poirier Township Area, Quebec	29,462.78	240.00		29,702.78
Valrennes Township Area, Quebec	1,979.00	19,182.40		21,161.40
Courville Township Area, Quebec	1,895.83	50.00	1,945.83	
MacDiarmid Township Area, Ontario	614.59	18,418.62	19,033.21	
Timmins Area, Ontario		17,634.97		17,634.97
	<u>\$63,372.40</u>	<u>\$63,378.56</u>	<u>\$29,317.31</u>	<u>\$97,433.65</u>

JELEX MINES LIMITED



Statement of Deferred Administration Expenditure

For the year ended April 30, 1965

Balance at May 1, 1964		\$15,017.40
Directors' fees	\$ 500.00	
Head office services	3,000.00	
Legal and audit	1,529.51	
Transfer agency fees	1,572.43	
Shareholders information	2,224.52	
Share certificate expense	554.50	
Stock Exchange, government fees and taxes	380.27	
Office and general expense	682.75	10,443.98
Balance at April 30, 1965		<u>\$25,461.38</u>

LETTER MATTERS TO THE EDITOR

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Editor, Letter Matters to the Editor
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